

DOCUMENT RESUME

ED 351 512

CE 062 294

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TITLE A Training Program for the 1990s: Reflecting on Campaign Proposals. Occasional Paper 1992-4.
INSTITUTION George Washington Univ., Washington, D.C. Center for Social Policy Studies.
SPONS AGENCY Ford Foundation, New York, N.Y.
PUB DATE Oct 92
NOTE 37p.
AVAILABLE FROM Public Interest Publications, P.O. Box 229, Arlington, VA 22210.
PUB TYPE Reports - Research/Technical (143)
EDRS PRICE MF01/PC02 Plus Postage.
DESCRIPTORS Adult Education; Career Education; *Dislocated Workers; Economically Disadvantaged; Feasibility Studies; Federal Aid; Federal Legislation; Federal Programs; *Job Training; Parent Education; Parenting Skills; Presidential Campaigns (United States); Standards; Vocational Education; Welfare Recipients; *Welfare Services; Youth Programs
IDENTIFIERS *Proposed Legislation

ABSTRACT

National concern about U.S. competitiveness in the world market has focused attention on the need to improve the work force. The two major 1992 presidential candidates have included training programs as important planks in their campaigns. President Bush has issued two proposals. Initially, he has charged in the Job Training 2000 proposal that the federally supported training programs are ineffective. At issue is administrative overhauling, not funding. In "The New Century Work Force," President Bush calls for additional funds for training programs. Governor Clinton's proposals advocate full funding of the Women, Infants, and Children (WIC) and Head Start programs as well as achieving a world-class education and helping disadvantaged parents build an ethic of learning at home. The recommendations for a comprehensive training system proposed in this document are the following: full funding of prenatal care, WIC, and Head Start; parenting training for Aid to Families with Dependent Children (AFDC), WIC, and Head Start parents; reviving career education emphasis in public education; expanding cooperative education and tech prep programs; assessing the feasibility of national education standards and skill certification systems; expanding existing Job Training Partnership Act and displaced worker efforts; funding a work-based welfare system buttressed by public sector jobs for AFDC recipients and other hard to employ persons; and mandating employer provision of employee and youth training. (YLB)

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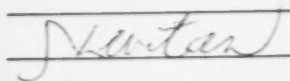
A Training Program for the 1990s: Reflecting on Campaign Proposals

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A Training Program for the 1990s: Reflecting on Campaign Proposals

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**OCCASIONAL PAPER 1992-4
OCTOBER 1992**

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This paper was prepared under an ongoing grant from the Ford Foundation to the Center for Social Policy Studies of The George Washington University. In line with the Foundation's practice, responsibility for the contents of the study was left with the authors.

Acknowledgements

We are indebted to Samuel Halperin (W.T. Grant Foundation), Clifford Johnson (Children's Defense Fund), Joan Wills (Institute for Educational Leadership), and Alan Zuckerman (National Youth Employment Coalition) for perceptive comments and to Miriam Washington for helpful editorial improvements.

Summary

National concern about United States competitiveness in the world market has focused attention on the need to better prepare and train our work force. This interest is reflected in the fact that the two major 1992 presidential candidates have included training programs as important planks in their campaigns.

The Candidates' Proposals

President Bush has issued two proposals. Initially he charged in the Job Training 2000 proposal that the federally-supported training programs, whose annual budget is nearly \$12 billion dollars, are ineffective. He proposed to correct the deficiencies by streamlining "the maze of federal job training programs currently dispersed across numerous federal agencies." The charges left the impression that an administrative overhauling was all that was necessary to achieve an effective training system. Funding was not an issue.

In *The New Century Work Force*, issued in August, President Bush ignored his earlier criticisms and called for a \$2 billion boost to the annual budget of training programs earlier judged ineffective. The added funds were to be used for expanding training assistance to displaced workers and to bolster programs for disadvantaged youth. The need for additional funds in these areas is clear. President Bush, however, did not indicate what domestic programs he would cut to fund the training programs.

Governor Clinton's proposals, by comparison, are broad in scope, but short on specifics. He advocates full funding of the Women, Infants and Children (WIC) and Head Start programs as well as achieving a "world-class

education" and helping "disadvantaged parents work with their children to build an ethic of learning at home." To fund his training program, Governor Clinton would "require every employer to spend 1.5 percent [of payroll] for continuing education and training." This left him open to charges that he favors new taxes. Governor Clinton's proposal, however, does not specify what training could be charged to cover the required expenditures, except that the training would be provided "to all workers, not just executives." Given these vague criteria, any employer could easily claim spending the required amount for existing training.

Like the New Century Work Force proposal, the Clinton plan is attractive in concept, but more details are needed to provide a useful assessment. Nevertheless, both messages are welcome. Presidents propose but congresses dispose. Whoever becomes president in 1993, the 103rd Congress would be wise to combine the Clinton and Bush proposals, and put the newly-inaugurated president's feet to the fire to pursue what he advocated and insist that he identify the preferred funding sources.

Our Comprehensive Approach

We propose our own vision of a comprehensive training system. Not running for office, we do not hesitate to acknowledge that achieving our goal will carry significant costs and may take more than one term in office to accomplish the desired results. While some will ask whether we can afford to make the proposed expenditures, we ask whether we can afford not to. Investment requires foregone consumption in the immediate term in hopes of greater good beyond. We also indicate the funding source that would pay for our proposals. Our proposals spell out the components of a comprehensive system. In summary we recommend:

- full funding of prenatal care, WIC, and Head Start;
- parenting training for AFDC, WIC, and Head Start parents;

- reviving career education emphasis in public education;
- expanding cooperative education and "tech prep" programs;
- assessing the feasibility of national education standards and skill certification systems;
- expanding the existing JTPA and displaced worker efforts;
- funding a work-based welfare system buttressed by public sector jobs for AFDC recipients and other hard to employ; and
- mandating employer provision of employee and youth training.

Our proposal will carry an annual price tag of \$25 billion by the 1996 election. The total would be equally divided among the proposed early childhood, training, and job creation efforts. Not being hindered by immediate campaign restraints, but considering equity as paramount, the funding sources are not difficult to identify. The much anticipated "peace dividend" has already been spent multiple times and founders on what jobs would be cut in which congressional districts--one person's fraud, waste, and abuse is another's essential program. Since we are recommending a long range program rather than a short-run stimulus, we suggest the means for funding our proposal. Candor demands identification of recommended tax boosts to offset expenditure increases.

Raising taxes on the affluent who benefited most from the tax cuts of the 1980s is a prime source for new revenues. Setting the highest bracket at 38 percent and the second highest at 33 percent rather than the current 31 percent would not be unduly burdensome when considered in the light of historical and international comparisons. A 25 cent per gallon gasoline tax would encourage conservation and reduce traffic congestion as well as raising substantial revenues. Keeping the current tax-free social security income thresholds of \$25,000 for individuals and \$32,000 for couples would protect those with lesser incomes. Beyond those levels there is no reason social security benefits should be treated

differently for tax purposes than any other income source. Mortgage income deduction should be capped for expensive and multiple homes. These tax proposals would generate at least double the increased expenditures we advocate, without restraining economic growth significantly and leave funds for reducing the federal deficit. Needed social investments in human capital should not be held forever captive by sole concern of our deficits.

A Training Agenda for the 1990s

Given the past five years of intensive discussion of America's need for improved work force skills, it is heartening to note that the two major 1992 presidential candidates have advocated their versions of a comprehensive job training system. Perhaps one should not take campaign promises seriously, but they do indicate what issues candidates believe voters consider important and, when sound proposals are made, they offer leverage to pry action out of the winner. For this reason, it seems useful to critique the Bush Job Training 2000 proposal, first made in January 1992 and repeated in April, his New Century Work Force Proposal of August, and the education and training components of the Clinton Putting People First: A National Economic Strategy for America statement released in June. We then offer our judgements on the job training policies the U.S. should follow for the remainder of the twentieth century.

Critiquing Campaign Proposals

Job Training 2000

The two Bush proposals differ sharply in tone, scope, and substance. The greatest surprise of the earlier Bush administration proposal was its totally negative assessment of employment and training programs that Republicans have been responsible for administering during 20 of the past 24 years. **The Job Training 2000 message displayed little familiarity with either the history or the institutional structure of the employment and**

training field as it exists in 1992. Under the guise of new ideas, the message proposed to decentralize decision-making. President Bush failed to recognize that a central thrust of the Nixon/Ford 1973 Comprehensive Employment and Training Act was decentralization; and private sector involvement was the emphasis of the Reagan administration's Job Training Partnership Act of 1982.

President Bush charged that the multibillion dollar vocational education and job training efforts were guilty of disjointed services, inefficient administration and ineffective quality controls, allowing "unscrupulous" training institutions "to obtain Federal funds without providing effective training." His proposal to correct these ills was to "streamline the maze of federal job training programs currently dispersed across numerous federal agencies" and to create a "one-stop shopping center" to serve individuals and employers more effectively. He also favored giving private industry councils (PICs) (currently responsible for much of the local administration he was criticizing) greater power to coordinate all training programs and to accredit training institutions.

For the "one-stop shopping center" or "skills center" role, the presidential message chose the local offices of the public employment service, not to provide training but to offer "skills assessment and testing, referral services, labor market information, job placement assistance and counseling concerning post-secondary vocational education programs." Job Training 2000 fails to note that these services are already expected of local public employment service offices, and ignores the fact that the employment service budget (adjusted for inflation) was cut by 40 percent during the past 12 years, including 13 percent during the Bush years.

Why the president considers multiple entry points to a single service such as training to be a disadvantage to the prospective trainee is difficult to fathom. To maximize opportunity, the more points of access the

better. What is important is that at each point of access admission to the full range of relevant services be available. What is essential is that trainees be provided tailored services in an integrated fashion taking into account not only the trainees but also the multiple needs of the multiproblem families from which they often come.

Nine separate acts mandate the supposed "maze of federal job training programs," at an annual cost of \$11.7 billion (table). Each program focuses on different, though occasionally overlapping, clienteles. Nowhere does the message make clear that the multiple sources of funding can be used to purchase training from public vocational and technical schools and community colleges, from private proprietary schools and from community-based organizations (CBOs). Finding the institutions that provide the training, the ostensible primary assignment of the "skills centers" is not a problem; securing a funded slot for a low income trainee is. Unifying the funding sources in the current fiscal climate might induce "economies" in the aggregate appropriation and reduce training opportunities.

Proposed Job Training 2000 Budget

I. Direct PIC programs	(million)
Training vouchers	\$2,204
Training and support service contracts	472
Administrative grants to localities	275
Job Corps recruitment	40
Skill center operations	1,029
Veterans employment service, other	90
II. Programs to be coordinated through PICs	
AFDC/JOBS	1,000
Pell grants for vocational training	2,395
GSL for vocational training	2,524
Other student aid for vocational training	100
Vocational rehabilitation training	400
Veterans vocational training	495
"Tech-Prep" 4 year programs	100
JTPA title III dislocated worker program	577
Total	11,701

Note: The current programs recommended for diversion to Job Training 2000 are the Job Training Partnership Act, the Carl Perkins Vocational Education and Applied Technology Act, the Food Stamp Employment and Training Program, Veterans' Vocational Training, Refugee Assistance, Vocational Rehabilitation, Pell Grants and Guaranteed Student Loans from Title IV of the Higher Education Act and Trade Adjustment Assistance. Training vouchers include \$1,025 million from JTPA Title II; \$396 million from Perkins Act post-secondary vocational training; \$100 million from Food Stamp employment and training; \$683 million from the JTPA summer youth program. Skill center operations include \$971 million from the Employment Service budget; \$58 million from Food Stamp Employment and Training. "Tech-Prep" is an overlapping secondary/post-secondary program under the Perkins Act.

Source: Budget of the United States Government, Fiscal Year 1993, Part One, p. 64.

Job Training 2000 would allocate the bulk of the training funds to vouchers and "empower" eligible trainees to make their own enrollment choices. Ignoring the assessment and counseling made available by the "one-stop" skills centers, the proposal assumes that the potential trainees are better judges than either the educators, the PICs, or the skills center counselors of the skills in demand in the labor market and the relative quality of training programs. Yet with no control over the trainees' choice of occupation or the labor market demand, the training institution would receive only 80 percent of the authorized tuition until the trainees are placed in a training-related job and retained for 90 days. Institutions would have to pad their tuition or fudge their records to afford that "sucker's bet."

By controlling the power to accredit training institutions, the PICs are expected to "help clean up abusive trade schools that devour federal and state funds without providing any real training." The means the PICs would use are not readily apparent. State and local school boards and their staffs already supervise and certify public vocational and training institutions. The private proprietary trade schools are more often a problem, ranging from excellent to shoddy, but PICs are already charged with selecting the training institutions with which they contract for JTPA training services.

The more than 600 PICs are also responsible for coordinating JTPA with all the other training programs but do not have responsibility for, nor authority over, the latter. To authorize the PICs to coordinate the activities of the other programs would be a major departure with unforeseen consequences, but would certainly cause all involved to take their PIC participation more seriously.

Space does not allow discussion of peripheral aspects of the Job Training 2000 proposal. The bottom line is that not one new training station nor one

additional trainee slot would be provided. Funding for the "one-stop skills centers" would come primarily out of the already constrained employment service budget, along with a small diversion from training funds. The proposal's substance is the shifting of administrative responsibilities among existing programs for which it provides no more resources. **The existing training programs have their problems, but added funds would help them to accomplish their mission more effectively.**

The New Century Work Force

Somewhat surprisingly after the harsh criticisms of the existing system leveled in the Job Training 2000 message, President Bush announced on August 24, 1992 the New Century Work Force job training plan. The proposal included two initiatives, one for "worker adjustment" and the other for "youth skills." The proposal recommended adding \$2 billion annually to existing programs, the same programs President Bush described as ineffective four months earlier.

The moving factor for boosting worker adjustment efforts was voter concern that the North American Free Trade Agreement, coupled with defense cutbacks, threatened major U.S. job losses. The president proposed to replace the Economic Dislocation and Worker Adjustment Assistance (EDWAA) and Trade Adjustment Assistance (TAA) Acts, which together are currently funded for \$750 million with a \$2 billion per year Advancing Skills through Education and Training Services (ASETS) program. According to the proposal, "every dislocated worker" would be eligible for "basic transition assistance," including skills assessment, counseling, resume preparation, interviewing skills, job search assistance and referral services. "Many dislocated workers" needing skill upgrading would receive a skill grant voucher of up to \$3000 per year for two years which "could be redeemed at any qualified college, junior college, community college, or public or private trade school or training institution" (not ruling out even the private proprietary schools so harshly criticized in the spring). Enriching the current

offering, dislocated workers who exhausted their unemployment compensation while undergoing training would "be eligible to receive transitional income maintenance."

The president expects to be able to serve 1.2 million dislocated workers annually for the \$2 billion, \$1,667 per participant. Obviously, not many would gain access to the \$3,000 per year skill grants, though that promise of longer term training and the freedom of choice vouchers are really the only proposed innovations.

All current programs suffer from unduly brief training periods resulting from attempts to spread scarce funds over immense numbers of eligible applicants, limiting the level of occupations for which the trainees are prepared. Two years of training could prepare most displaced workers for occupations at least equal in skill and pay to those they lost. It would also boost many economically disadvantaged trainees into the mainstream job market. Under the current programs, dislocated worker enrollment has averaged 22.1 weeks, compared with 20.4 weeks for JTPA classroom training. Training duration has been restrained and training costs have been kept to around \$1500 per enrollee. Limiting displaced workers primarily to job search training is useful only if the trainee already has skills attractive to employers and the costs of training the disadvantaged for low-skilled occupations are kept to a minimum. Based primarily on their past skills, the average placement wage of a displaced worker enrollee has been \$8.13, compared to \$5.84 for the disadvantaged trainee. While some form of steady income is better than being unemployed, these wages are hardly enough to meet family income needs.

The president promised that the additional funds would not require new taxes but refuses to reveal until after the election what existing programs would be cut to transfer funds for the added training.

The youth skills initiative consists primarily of added Job Corps slots, though under a new name: Youth

Training Corps. Twenty-five new residential YTC centers, housing 16,600 additional trainees, would be added to the 30 existing residential Job Corps conservation centers. An additional 13,000 new training slots would be added at existing Job Corps centers for non-residential trainees. At an average enrollment of seven months, an additional 43,000 youth are expected to receive training in addition to the 62,500 already enrolled annually in Job Corps centers. Only \$200 million per year is proposed for each of the following two years and \$385 million for the final three years of the five year proposal. The arithmetic for the new proposal comes out to \$8,953 per annual enrollee, even though Job Corps currently costs \$20,000 per annual training slot. The proposal also fails to provide capital funds needed for establishing the new centers. Though the cost estimates are unrealistic and the source of funding is unspecified, Job Corps is a proven program; there is no reason to think its effectiveness would be diminished by the proposed expansion.

The Youth Training Corps would also include a 10,000 slot "Treat and Train" program of intensive drug rehabilitation centers that address drug addiction while preparing residents with new skills. At these centers, two-thirds of the enrollees would spend an average of nine months in residence, with the remainder participating as out-patients. Successful completers of the treatment phase would have priority for enrollment in the Youth Training Centers. The 28,000 youths to be served annually would constitute a 30 percent increase over current enrollment in federally-funded drug treatment programs. That this is expected to be possible for \$150 million per year, a mere \$5,354 per enrollee, reflects the same air of unreality, but the need for the program has been clearly demonstrated.

The New Century Work Force proposes a national youth apprenticeship program with a \$100 million annual appropriation. The initiative would entail "a comprehensive, voluntary program for high school juniors and seniors that combines classroom instruction with a structured, paid, work experience program." Graduates

would receive a high school diploma "and a widely recognized certificate of skill competency (emphasis in the original)." The proposal ignores the fact that more than 400,000 high school juniors and seniors, who divide their time between the classroom and employment, are already enrolled in locally-funded cooperative education programs. A school coordinator is responsible for ensuring the learning experience from each is related to the other. Though helpful, \$100 million would not pay for a significant increase in that number. Meriting less comment in a time of military demobilization is a proposed unfunded doubling of the high school level Junior Reserve Officer Training Corps.

While the Job Training 2000 proposal was without significant substance, the New Century Work Force proposal is substantive and promising, though unrealistic in its cost estimates.

The Clinton Alternative

Job Training 2000 proved vulnerable because of its very specificity. By comparison, specifics are few and the concepts broad in the Clinton proposal. Governor Clinton proposes to fully fund the Women, Infants and Children (WIC) and Head Start programs, undertake other unspecified "critical initiatives," and "help disadvantaged parents work with their children to build an ethic of learning at home." Public schools are to be overhauled to "insure that every child has a chance for a world-class education." This would be achieved through "tough standards," a "national examination system in core subjects," "leveling the playing field for disadvantaged students," and giving parents the "right to choose the schools their children attend." In return, Clinton would "demand" that parents "work with their children to keep them in school, off drugs and headed toward graduation." The sanctions for failure to comply are not stated.

The Clinton proposal parallels America 2000 in its advocacy of "national examinations in core subjects" and Job Training 2000 on youth apprenticeship, but adds a

significant carrot to the latter. Though historically apprenticeship has played a marginal role in U.S. labor markets, Governor Clinton would "bring business, labor and education leaders together to develop a national apprenticeship system that offers non- college-bound students training in valuable skills, with the promise of good jobs when they graduate." That approach has been experimented within a few communities and a few states, including Arkansas, and is apparently recommended for significant expansion. Fulfillment of the promise, of course, would depend upon the employers.

The apprenticeship advocacy of both Bush and Clinton is a misuse of the term. **Apprenticeship, whenever undertaken, presumes several years of full time work experience and related instruction. It does not make sense until the apprentice is ready for that long term commitment.** In the United States, apprentices typically start in their mid-twenties after they have been through much career exploration and are reasonably committed. Neither Clinton, Bush, nor other advocates have noted that European, notably the Germans, are having increasing difficulty placing and retraining their youth within those traditional tracks.

A Clinton administration would offer school dropouts a second chance through a "Youth Opportunity Corps" operating out of community "youth centers" where "teenagers will be matched with adults who care about them, and given a chance to develop self-discipline and skills." Finding large numbers of adults willing and capable of such an assignment challenges imagination, even if the administrative structure for such an activity were created and an appropriate budget provided.

Partially avoiding the perpetual struggle to fit a publicly-funded training effort into a strained budget, a Clinton administration would "require every employer to spend 1.5 percent of payroll for continuing education and training, and make them provide the training to all workers, not just executives." President Bush seized this proposal, charging Clinton of favoring new taxes. In

reality, it would be an unimaginative employer who could not demonstrate spending at least that much on employee training already, depending upon one's definition. The American Society for Training and Development estimates that U.S. employers spend \$30 billion a year on formal training (1.1 percent of total 1991 payrolls), and a substantial multiple of that amount for informal training. The bulk of the funds is spent for executive development and supervisory training. The ASTD estimates are tenuous, but they indicate a training investment equal to 1.5 percent of payroll is not out of line with current practice.

Under the Clinton plan, employers would not merely spend that sum on training to meet their internal skill needs. Going the Job Training 2000 training vouchers one better, Clinton would require employers to provide their employees continuing education and training so that "workers will be able to choose advanced skills training, the chance to earn a high school diploma, or the opportunity to learn to read." Since employers would apparently offer these choices only to their employees, there would still be a need for a publicly-funded program for the unemployed and new labor force entrants.

Welcome Commitments

Like the New Century Work Force proposal, the Clinton plan is attractive in concept, but one awaits more detail in order to provide a useful critique. Nevertheless, both messages are welcome ones.

A Comprehensive Program

Both parties describe theirs as "a world class training system." Not being so bold, but drawing from the immense body of proposals that have emerged in the past five years, as well as our own experience in the field, we discuss the policy changes needed to achieve a comprehensive system. **With the world changing at its current pace, no one knows what skills the work force of the twenty-first century will require--except the skills of adaptability. It would be sufficient to establish a training system that meets the needs of the remainder of the twentieth century, but with a base from which to retrain to meet the exigencies of the future.**

Fundamental Considerations

Six fundamental principles underlie our view of a comprehensive training policy.

1. Adequate early childhood development and effective primary and secondary education are prerequisites to a successful training system. Dollars spent on effective early intervention programs such as prenatal care, WIC, and Head Start post multiple positive benefit-cost ratios and appear to reduce the need for social expenditures.

2. Training policy must expand its focus beyond the economically disadvantaged and displaced, while not abandoning those concerns. The focus of federal training policy on low income groups over the past three decades has produced the perception that the employment and training system is an extension of the welfare system. Remedial education and training for the economically disadvantaged is a critical need, but it is only one essential component of a broader system.

3. Current entitlement practices need to be modified. All Americans willing to work should be entitled to gainful employment or access to training culminating in that end. Employment should be viewed as the proper route to income by all potentially capable of employment. Work should always be more rewarding than welfare. The retirement age must rise rapidly, commensurate with longevity and health. Welfare recipients can become more employable through education and training but, to be realistic, too frequently the jobs will not be there unless provided in the public sector or subsidized in the private. In extolling employment, we must be fully cognizant that skill development and employment generation may be more expensive in the short run than income support, but society should accept that cost as a social and human capital investment.

4. Displacement is inevitable in a dynamic economy and a society that benefits from it is obligated to assist the adjustment of its victims. At the same time, American employers must learn that downsizing, outsourcing, and deskilling are not the only or even the best adjustment strategies to declining demand for labor. Both American society and American employers must increase their commitments to investment in the work force.

5. Because most jobs are generated and filled within local labor markets and education and training resources are controlled by both state and local agencies, the activities of the training system should be primarily planned, directed, and administered at the state and local levels. Nevertheless, emphasis on state and local administration and private sector involvement does not negate the federal government's responsibility as a partner in work force training. There should be more, not less, monitoring and oversight of federally-funded programs than currently exists.

6. A comprehensive training system will not be easily accomplished and will carry significant costs. It is time to lengthen our public policy horizons.

Training is a Lifetime Effort

It is not our purpose here to deal extensively with the broader issues of early childhood development and educational reform. **The evidence is conclusive, however, that one's ultimate work performance will be profoundly affected by prenatal and pre-school development and the influence of home and family.** Beyond that, the schools are the most significant acculturating institutions of American life. Increased access to prenatal care, expanded support of information on responsible childbearing, and the provision of needed nutrition through the WIC program are obvious needs. Head Start has proven to be an effective pre-school intervention strategy. Both major presidential candidates agree that access should be expanded, disagreeing substantially on the degree. Expanding these programs would not only help children throughout their lifetime but would also help to shore up the deteriorating family structure. More important than the acquisition of specific skills at this age is the development of self-preserving attitudes and values such as a sense of achievement and self-esteem, positive work values, pride in one's own efforts and accomplishments, curiosity and creativity mixed with self-discipline and a willingness to accept positive direction from others. Though the Clinton proposal offers no plan for implementation, it is perceptive in noting that parents must be "inspired to take responsibility" and "empowered with knowledge to help their children enter school ready to learn." Just as pre-natal care augments birthrates and birth weights and improves children's physical and mental capacities throughout life, parental attitudes toward work is early indoctrinated in the child with life-long career impacts. Preparing a curriculum to train parents to transmit positive work values to their children is not the challenge; persuading parents to participate in such training is. AFDC recipients, WIC mothers, and Head Start parents can be introduced to such concepts as a requirement for participation.

Education Reform

There has been remarkable consistency over the years concerning needed reforms in education as preparation for work. For instance, the goals of the career education movement of the 1970s included good mental and physical health, human relations skills, a commitment to honest work, a willingness to accept discipline in the workplace, and motivation towards achievement in that setting. It also stressed teaching basic communication and computation skills and a fundamental familiarity with the concepts of science and technology. The career education movement pursued its goals through emphasizing the career relevance of academic subject matter, and by applying learning to work-related practices. The American Society for Training and Development carries that set of concerns into the 1990s, citing seven key skills employers want the education system to impart to students: knowledge of how to learn; reading, writing, and computation; listening and oral communication; creative thinking and problem solving; personal management; interpersonal, negotiation, and teamwork skills; and leadership. Career education foundered on its inability to gain adoption by teacher training institutions. The current concern is that the result of the competency demonstration approach will be teachers teaching students how to pass the tests rather than how to think and function in the world. Nevertheless, a recurring search for better ways for schools to prepare youth for coming realities, including the need to work and earn, persists. There is still available an extensive volume of "how to do it" career education material which could be exhumed and updated along with parallel and new ideas emerging from more recent studies and commissions. That effort should continue with funded research, demonstration of successful experiments, and positive inducements to adopt proven techniques.

School to Work Transition

The United States has failed to develop a formal system for helping young people to make the transition from school to employment. This may handicap us relative to our major competitors and has led to widespread examination of alternative work preparation systems. Most Americans would (and should) be reluctant to accept the class-based rigidity typical of many of the systems widely praised in commission reports and by the media. In fact, the youth of those countries, as noted earlier, are increasingly rejecting those structured systems. Examinations taken at the end of primary school which channel students and cut them off from post-secondary education and related occupations are not for us. **Offering a smooth transition from school to work while maintaining broad horizons should be the chief characteristic of the American school to work transition.**

School to work transition involves essentially three steps: deciding what to do, preparing to do it and finding opportunities to exercise newly acquired skills. Apprenticeship occurs only after the first has been accomplished and combines the other two. It requires a multi-year, out of school, work experience and related instruction commitment on the part of both the apprentice and the employer. American youth are slow to make such commitments and employers are unwilling to invest in such training until they do. The sporadic nature of job opportunities in apprenticeable occupations also makes for a high dropout rate. Hence apprenticeship in the United States occurs well into the applicant's twenties and, given the degree of commitment, tends to produce not only skilled workers but also potential supervisors.

Vocational education has been the more traditional resort for training individuals not planning to pursue post-secondary academic education. It suffers from two primary weaknesses. First, youths rarely make a realistic and lasting career choice in the beginning of high school. As a result, few pursue the occupations for

which they were trained or find employment opportunities in those occupations when they finish school. Second, the time available in high school is not adequate to complete the training necessary for occupations requiring emerging skills.

Increasingly, secondary level vocational education is being recognized as primarily an exploratory experience, providing training in broad occupational clusters rather than specific occupations. It offers adaptability, allowing youth to try out occupations and to test whether they fit the desired lifestyle. Career exploration without some hands-on experience is an inadequate basis for lasting career choice. Cooperative education, combining general education with work experience through released time for employment under supervision of a coordinator employed by the school, offers the student the opportunity to try out a job with its accompanying lifestyle without abandoning academic instruction.

Cooperative education programs provide opportunities to earn while learning, to blend theoretical and practical learning while motivating learners who are less responsive to classroom based skill acquisition. The more formalized the cooperative experience, the more tightly linked training is to the needs of the employer. When accompanied by a potential for permanent employment and supported by both labor and management, the system mimics the advantages of the formalized apprenticeship system--training investment that pays off for both employer and worker over time.

The main obstacle to expanding cooperative education for non-college-bound students is inadequate employer involvement. The students work for their pay but there are logistical problems in combining school with work, as well as training challenges. Most of the cooperating employers are small businesses without internal bureaucracies and with personalized employer-employee relationships. The employer base could be enlarged by financial incentives, the most easily administered being a payroll tax that would offset youth

employment and training expenses. This is similar to Clinton's more general 1.5 percent training assessment proposal. Initially using the Bush \$100 million apprentice recommendation as an incentive to school administrators, the current cooperative education enrollment could be increased. More funds should be added as the system expands.

The "tech prep" program is the best answer to the problem of finding adequate time in high school to prepare students who have made a career choice for increasingly technical occupations. Training would be undertaken in the last two years of high school with no great loss in time or budgets if the students change their minds. If students' commitments hold, they finish out a four-year sequence--two years in high school and two years at a post-secondary community or technical college--while maintaining the option of transferring to a four-year institution. Because federal funds account for about a tenth of vocational education expenditures nationwide, the content and scope of "tech prep" is determined largely by state and local school district authorities. Earmarked federal funds could expand "tech prep."

Preparation for employment requires a mix of academic skills and workplace learning. Both are essential. One approach to the enhancement of academic skills would be nationally recognized performance standards to be met by all students leaving the secondary school system. The existence of standards could motivate individual performance in school by raising the return to academic achievement and providing employers with performance indicators for hiring decisions. Incentives for achievement in school could also be strengthened by more visibly honoring academic achievement, and by factoring course difficulty into grade point determination. The critical issues are the design of standards and how are they to be measured and certified.

Both major presidential contenders advocate national examinations in mathematics, history, geography, language, and science. On the surface, such exams seem

to be a reasonable approach for stimulating learning. Existing national standardized tests, however, consist primarily of factually-oriented multiple choice questions which motivate "teaching to the test." Students learn to prepare for tests rather than preparing for life. If national examinations could be devised to test development of creative thinking and problem solving, the establishment of standards should be encouraged. If not, the national examination attempts should be abandoned.

Certification of competency in specific occupations is another matter. Agreement can be reached as to what a tool and die maker or computer programmer should be prepared to perform and based on the consensus devise competency demonstrations. Key to such skill certification would be a system of industry-endorsed, readily measurable performance standards and an accepted industry certification. This would be the equivalent of "professionalizing" occupations not requiring a college education, bringing greater order and incentive to skill development in those occupations. Such standards and their certification would have to be an industry creation, though government can encourage the process.

Second Chance Remedial Training

Society should respond to the needs of those who fail in or who are failed by mainstream education, training, and labor market systems. Broadly expanded remedial efforts serving out-of-school jobless youth should be a training priority. We applaud President Bush's proposal to expand the Job Corps which has effectively helped the hard to serve in a residential setting, though its ability to do so on a nonresidential basis is yet to be proven. Service to those who drop out of secondary schools should focus on assisting them to meet the national education performance standards referred to earlier. This emphasizes the urgency of developing such standards. Once such certification is obtained, assistance would take the form of job search training, liaisons with local employers, referral to appropriate post-secondary training providers, and access to needed social services.

The Job Training Partnership Act provides a reasonably good working model of a second chance remedial training system. The greatest need of the system is increased funding permitting expanded, longer duration, and more intensive services. Here again, the Bush advocacy of two-year training grants is a model. Evaluations going back to earlier federally-funded training programs in the 1960s and 1970s, the Manpower Development and Training Act and the Comprehensive Employment and Training Act, have consistently demonstrated that a sequential remedial education and skills training have a high benefit-cost payoff.

Greater accessibility to subsistence support is also needed. While large expenditures on stipends should be avoided, the current system precludes eligible individuals from participating in training unless they are receiving AFDC or have a household member who is working. Such support should be available but only upon a basis of demonstrated need.

The system should be strengthened by separation of administration and services to clients from the provision of training and employment services. Client services should be organized in a case management format, and families rather than individuals should be the unit of analysis. Maximum impact is achieved by integrating services, within budgetary constraints, for all members of the family. To the extent practical, disadvantaged recipients should be mainstreamed with other trainees to avoid separate remedial programs.

A Jobs Program

A publicly-funded job creation program is an essential component of a comprehensive human resources system. Society's work is never done, and there is no shortage of useful work that job creation programs could supply. A jobs program can offer ample work opportunities to fill needs currently unmet by the market economy. The limited skills of the workers assisted in jobs programs could be matched with many needed

functions. Child care and long-term care facilities currently rely on unskilled, low wage labor. An infusion of aides in the school and criminal justice systems would enable teachers to devote more time to instruction and put more police officers on the street. Similarly, aides in strapped public hospitals would free nurses and technicians to performed skilled work.

Providing services through jobs programs needs to be a continuing and stable effort, though involved individuals will change as they gain experience and skills to qualify for promotions or find employment in the private sector. From the viewpoint of societal needs, it is not cost effective to operate short-term job projects.

Such a job creation program is an essential step to the long-sought work-based welfare system. **Vigorous federal-state job creation efforts are necessary to complement education and training reforms and to counteract the work disincentives inherent in AFDC.** Offering jobs that pay more than welfare would be a powerful incentive for welfare recipients to seek work and raise the living standard of the beneficiaries currently subsisting in many states on meager AFDC benefits.

If congress enacts an ongoing jobs program, it should reserve a portion of the slots for AFDC recipients, and then require their participation with continued access to medical care. To prevent stigmatizing a jobs program, administrators should strive to achieve a balanced mix of persons with varying levels of skills and work experience. Many AFDC recipients are deficiently educated and unskilled. Exclusively AFDC projects should therefore be avoided because they would impair the provision of useful public services and risk jeopardizing public support for the programs.

Employer-based Work Force Upgrading

Consistently upgrading the skills of employed workers is as vital to a comprehensive training policy as is smooth school to work transitions of new labor force

entrants. The keys to comprehensive work force upgrading are employer involvement and investment in training. American employers invest heavily in continued training of managerial and professional workers, but lower paid employees receive little on-the-job training. Denying these employees continued training affects their morale and productivity, increases the chances of eventual displacement, and its severity when it occurs.

Numerous factors contribute to the under-investment in low-paid employees. The fact that public policy has lacked a sustained commitment to adequate training discourages employers, except those who pay above the market wage, from investing in training lest the trained employees move to a competing firm. Layoff is the chief strategy for managing cyclical fluctuations in the United States. Adjustments to demand have predominately been made in the numbers employed rather than in the conditions of employment. Layoffs could be sharply reduced by enhancing worker productivity augmented by increased training.

America should increase its commitment to and involvement in employer-based training. Governor Clinton's advocacy of expanded nonsupervisory employee training addresses a pressing need. His conditional tax-based training proposal promises some important public policy bonuses. The program would produce no employer windfalls, unlike a tax credit. The 1.5 percent of payroll tax offset, however, would have to focus on identifiable, observable, and formal nonmanagerial and nonprofessional training. Since they would be using their own funds, employers would have an incentive to undertake well-designed training. To the extent employers chose to pay a payroll tax of 1.5 percent rather than provide training--a highly unlikely choice--funds would be available to augment training in public institutions.

The federal Department of Labor would have to circumscribe acceptable training within the limits set by Congress in authorizing legislation. Careful specification of training standards that the employer could offset

against the training assessment would help redirect training to nonsupervisory workers. A local agency would have to check compliance. If responsibility were given to the PICs, their staffs would have to be expanded to perform the newly assigned tasks. This would provide employers a strong incentive to serve on PICs to see that the compliance function was not carried out in an onerous and adversarial manner. With stronger employer commitment, PICs could become effective vehicles for promoting employer investment in school to work transition efforts. Taking PIC participation seriously, employers should also have a more positive view of both worker displacement and remedial second chance efforts. With stronger employer representation, there would be greater labor interest in meaningful counter-representation. **The broader PIC functions contemplated by the Bush proposals would give every educational, social welfare, and labor market related agencies a stronger incentive to participate in PIC activities.**

Displacement Adjustment

The best defense against worker displacement is sustained attention to skill development and continuous learning sponsored by the employer, employee organization, government, and, of course, individual worker. Enhanced worker productivity promoted by effective human resource investment, whether motivated by competitive pressures, alterations in work organization, individual awareness, or government incentives to employers and employees, will decrease the severity of worker displacement.

Total elimination of displacement is not desirable and should not be anticipated. **The goal is to minimize displacement and facilitate necessary adjustments, speeding return to productive employment.** Adjustments would involve economic growth and associated employment opportunities, both internal and external to the organization, knowledge of and access to such opportunities, and income support during the transition.

Discussion of strategies for improving economic growth is beyond the scope of this paper, but strategies for aiding displacement adjustment deserve special mention. **Programs already in place conceptually provide the elements of an effective adjustment system, but the lack of resources and sometimes the will prevent the achievement of the programs' goals.** The Worker Adjustment and Retraining Act (WARN) requires employers to give 60 day advance notification of major layoffs. The Economic Dislocation and Worker Adjustment Act (EDWAA) provides rapid response teams to smooth necessary worker, employer, and community adjustments. JTPA (Title III) and the Trade Adjustment Act provide limited funds to retrain displaced workers. The current triple pronged system is potentially capable of providing essential assistance to dislocated workers. Bush's belated recognition of the need to boost assistance and multiply funds is welcome.

Income support during transition is essential. Unemployment insurance (UI) should therefore play a stronger role than it now does. UI's traditional role has been to provide temporary income support to laid off workers until they are either recalled or hired in a new job of similar skills. When the displacement is permanent, the all-too-human tendency to hope for recall until benefits are exhausted interferes with the necessary adjustments. Current experiments involving creative uses of UI funds encouraging employer-based retraining or individually motivated retraining should be encouraged.

You Got to Pay to Play

To repeat, we have recommended:

- **full funding of prenatal care, WIC, and Head Start;**
- **parenting training for AFDC, WIC, and Head Start parents;**
- **reviving career education emphasis in public education;**
- **expanding cooperative education and "tech prep" programs;**
- **assessing the feasibility of national education standards and skill certification systems;**
- **expanding the existing JTPA and displaced worker efforts;**
- **creating a work-based welfare system buttressed by public sector jobs for AFDC recipients and other hard to employ; and**
- **mandating employer provision of employee and youth training.**

Several recommendations have no significant budgetary implications but other do. Full funding of WIC and Head Start would involve a substantial budget increase. The addition of parent training for selected participants of those programs and AFDC would not be a major cost item. The advocated elementary and secondary reforms would mostly involve reallocation of existing budgets. The additions to current worker displacement and youth services expenditures proposed by President Bush are adequate to make a significant start. Tripling worker adjustment expenditures as he advocates would be about as much as the system could absorb within the short run. If properly defined and allocated, Governor Clinton's proposed 1.5 percent of payroll training initiative would substantially expand employee upgrading by shifting expenditures from executive and managerial development to nonsupervisory employees.

The increased numbers of displaced executives would, of course, share in the displaced worker adjustment efforts. Cooperative education would cost employers only the added administrative effort of involvement with the schools and adaptation to varied schedules of the youths enrolled in schools. Their wages would be determined by the normal negotiations with their employers. The proposed expansion of the Job Corps and other youth services endorsed by the two major candidates would also be at about the maximum prudent pace, though more expensive than President Bush anticipates. Lengthening the duration of JTPA training, adding to the enrollments, and increasing income support would be expensive but should be undertaken at a measured pace. The advocated jobs program would involve even more substantial expenditures. Employers would shoulder the employee upgrading and youth employment cost.

The Bush New Century Work Force proposals, if carefully priced, would cost about triple the \$2 billion cited, while our JTPA recommendations would add another \$2 billion a year, for a total of \$8 billion. The early childhood recommendations would add another similar amount. A public sector jobs program should start at \$5 billion per year and rise to about double that, though it would offset partially reduced AFDC and UI expenditures. **Our proposals would carry an annual federal price tag of \$25 billion when fully implemented before the 1996 elections.**

Not running for any office, we have no constraints on disclosing the cost and identifying how we should pay for what we recommend. The nation has to end its pursuit of the free lunch sometime. If our recommendations were implemented, new taxes will be necessary. Because we address the need for long run initiatives rather than short run measures needed to stimulate economic growth. The needed revenues can be raised progressively over the next four years. The only comfort we can offer taxpayers is that they would garner psychic income by knowing that the added taxes will contribute toward a more equitable society and a more productive economy.

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